
FORECLOSURE CLEAN UP ACT
PROGRAM DESCRIPTION
A NEW PUBLIC PRIVATE PARTNERSHIP TO PROVIDE WORKFORCE HOUSING
Between
BOARD OF COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND
And
FREDERICK COUNTY AFFORDABLE HOUSING LAND TRUST LLC

The Foreclosure Clean Up Act (FCUA) is a new Frederick County initiative designed to increase affordable workforce housing and assist in the improvement and revitalization of Frederick County neighborhoods. The FCUA will provide funding paid by the private development community under the County's Moderately Priced Dwelling Unit (MPDU) Payment in Lieu (PIL) Ordinance to the new Frederick County Affordable Housing Land Trust LLC (Land Trust) to acquire, rehabilitate and sell residential properties to qualified homebuyers.

Initial funding for the operational set up of the Land Trust and to acquire the first four properties will be provided by the Maryland Neighborhood Conservation Initiative (NCI) grant with a contribution from the County's Moderately Priced Dwelling Unit (MPDU) Payment in Lieu (PIL) Account. The NCI grant period for the FCUA begins upon execution of the NCI Grant Agreement and ends on June 30, 2015.

Following spend out of the NCI grant and PIL contribution, the County may continue the FCUA through a Memorandum of Understanding (MOU), which specifies the flow of funds from the County MPDU PIL Account to the Land Trust, as determined through the annual county budget process.

Frederick County Affordable Housing Land Trust LLC (Land Trust) is a new nonprofit tax exempt organization initially structured as a single member limited liability company wholly-owned by a 501(c)(3) nonprofit, Habitat for Humanity of Frederick County, Inc. The Board of Governors and the management of the Land Trust are appointed by Habitat. The Land Trust will acquire properties through purchase or donation, issue Request for Proposals, or act as the developer, creating the housing to be conveyed. The Land Trust retains ownership of the land and sells the improvements to the homebuyer. The homeowner owns all buildings, structures, fixtures and any other improvements and is responsible for maintenance of the property. The Land Trust will lease the land back to the homeowner and ensure the properties remain affordable to generations of future homebuyers through resale restrictions set forth in the Deed and an Affordable Housing Land Trust Agreement (Agreement) that is recorded in the land records.

Land Trust and FCUA Funding

The Board of County Commissioners (BoCC) authorizes the Frederick County Department of Housing and Community Development (DHCD) to administer the FCUA, utilizing a MOU and other agreements between the BoCC and the Land Trust to specify the terms and conditions of the FCUA and the payment of developer funds from the MPDU PIL Account to the Land Trust. The Director of DHCD will prepare and execute the MOU and other appropriate documents, following review and approval by the County Attorney's office.

Eligible Homebuyers

- Individual households who live or work in Frederick County, Maryland
- Households with incomes no greater than 80% of the Area Median Income (AMI) as annually published by bedroom size by the U.S. Department of Housing and Urban Development.
- Homebuyers who occupy the property as their principal residence

- Homebuyers completing 8 hours of homebuyer education training by a HUD approved housing counseling agency and Land Trust education as provided by the Land Trust.
- Homebuyers who secure their own financing.
- Homebuyers who contribute one percent of the purchase price for down payment, to be retained in the master Land Trust Replacement Reserve Account.
- Homebuyers who meet other eligibility criteria established by the Land Trust.

Homebuyer Selection

Homebuyers are selected by the Land Trust to purchase homes in various locations throughout the County as homes become available, using a lottery system. Wait list pools of pre-approved homebuyers, categorized by bedroom size and location will be maintained by the Land Trust.

Affordable Housing Land Trust Agreement (Agreement)

This Agreement is a recorded legal document between the Land Trust and the homeowner that is required by the Maryland Affordable Housing Land Trust Act. The Agreement specifies requirements and responsibilities of both the homeowner and Land Trust, including land lease fees and property management and maintenance. The Agreement contains language restricting the transfer, lease, sublease, assignment or occupancy and the price at which the property may be transferred to ensure that the property remains affordable to future eligible purchasers.

Transfer and Sale of Properties

Homeowners will notify the Land Trust, in writing, of their intent to sell. An appraisal will value the land and improvements as separate amounts. The Land Trust and the County will have the preemptive option (the "Purchase Option") to purchase the home. If that option is not exercised, the home will be sold to another qualifying family from the Land Trust wait list. Homeowners will retain 40% equity and the Land Trust will retain 60%. Program parameters, resale formulas and AMI requirements for homeowners will be evaluated periodically by the Land Trust Board of Governors to ensure the homes remain affordable for generations of Frederick County households.